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6 Attorneys For Chapter 7 Trustee,

Maureen Gaughan

8 **IN THE UNITED STATES BANKRUPTCY COURT**

9 **FOR THE DISTRICT OF ARIZONA**

10 *In re:*

11 CHARLES THOMAS BROWN d/b/a TOM  
12 BROWN PREFERRED TRUST COMPANY,

13 Debtor,

14 MAUREEN GAUGHAN, Chapter 7 Trustee

15 Plaintiff

16 v.

17 ANN AKAMINE; DAVE ANDRUCH; GAIL  
18 ARMSTRONG; JOHN ARTERBURN; ROBIN L.  
19 ARTERBURN; WADE ARTERBURN; LORI B.  
20 ARTERBURN; ROBERT ANGER; HAROLD  
21 BEASLEY; LISA BEASLEY; LOUISE R. BEKINS;  
22 DAVID W. BENNETT; VICKI BENNETT; RAQUEL  
23 BERNABIB; TEUNIS J. BLADERGROEN; WILLIAM  
24 BLANKEMEIR; DAVID BOYD; CHARLES  
THOMAS BROWN; THE ESTATE OF EDWIN L.  
BROWN; JOAN BROWN; MARSHA BROWN;  
DARRYL BURNS; MARY J. BURNS; DAN BURT;  
COLLEEN BURT; NANCY CAIN; ELLEN A.  
CALDWELL; CECILIA CHANDLER; ANDREW  
CHARNOKI; FAYE CHARNOKI; PETER J.  
CHRISTIE; THERESA N. CHRISTIE; BRUCE

Proceedings Under Chapter 7

No. 97-14228 PHX GBN

Adversary Proceeding No.: \_\_\_\_\_

**COMPLAINT**

1. Preferential Transfer Under  
11 U.S.C. § 547;
2. Fraudulent Transfer Under  
11 U.S.C. § 548;
3. Fraudulent Transfer Under  
A.R.S. § 44-1001 et seq.;
4. Unjust Enrichment; and
5. Disallowance of Claims Under  
11 U.S.C. § 502(d); and

1 CHURCH; WILMA A. CHURCH; RONALD  
2 CORNET; JOY COVEY; STEVEN COVEY;  
3 KATHLEN CRAMER; JEANNE A. DAVIS; TED S.  
4 DAVIS; DAVID DEARDORF; EILEEN DEARDORF;  
5 GEORGE E. DEWITTE; GEORGENE M. DEWITTE;  
6 CHRISTINE DOMINGO; JIM DREILING; SHIRLEY  
7 DUSINBERRE; GARY EHLENBERGER; MARAYA  
8 EHLENBERGER; NOILY EHLENBERGER; RALPH  
9 ENKER; MILDRED ENKER; TIMOTHY B. ERNST;  
10 MARK FINEMAN; BURTON S. FISHER; DOROTHY  
11 L. FISHER; BERNARD FRANK; PHYLLIS FRANK;  
12 AUBREY FRANKLIN; EDWARD GALISKIS;  
13 NOELITA GALISKIS; GEORGE GARCIA; WANDA  
14 GARCIA; RICK GARDNER; CHERYL GARDNER;  
15 JOHN GEORGE; VIRGIL GEORGE; GEORGE  
16 FAMILY TRUST; WILLIAM R. GILES; EVELYN  
17 GILES; PETER J. GILLESPIE ; FRED A. GILLESPIE;  
18 ALYSSA GIOSCIA; JOE GIOSCIA; PAM GIOSCIA;  
19 DAVID GOLSNER; HADASSAH GOLSNER;  
20 LARRY GOODMAN; ANN GOODMAN;  
21 DAVID GOODMAN; KAREN WACKER  
22 GOODMAN; SAMANTHA GOODMAN; LONNIE  
23 GREENHILL; WILLIAM L. GREER III; CHARLES  
24 D. GREGORY; MAXINE E. GREGORY; DONALD  
25 GREIF; GLORIA GREIF; LYNN GRIFFIN; WILLIAM  
26 GUERIN; HAROLD D. GUERIN; WILLIAM  
GUERIN ASSOCIATES DEFINED BENEFIT PLAN;  
JAN GUERIN DEFINED BENEFIT PLAN; TRACY  
O. GUERIN; JAN GUERIN; DONALD HALL;  
MARGARET K. HALL; FRED M. HANKIN;  
GLENN D. HARRIS; JOSEPH HARRIS; MARILYN  
S. HARRIS; CHARLES A. HILL; TRACEY O. HILL;  
ROBIN HOBGOOD; RUTH HOBGOOD; FRANCIS  
HOLLANDER; BONNIE HOWARD; ESTATE OF  
DON HOWARD; FRANCIS HOWARD; ESTATE OF  
VICTOR HOWARD; JOHN HOWE; JUNE HOWE;  
DANNA HUTCHISON; VIOLETTE JAEGER;  
JACOB JANGULA; BETTY JANGULA; HENRI  
JARRAT; FRANCES JARRAT; BRAD JONES; KIM  
JONES; MARILYN JONES; DALE JORGENSEN;  
DOROTHY A. JORGENSEN; CAROL KARNS;  
CAROLYN W. KENYON; FRED W. KENYON;  
JACK KINZEL; NANCY KINZEL; DORIS KLING;  
KAY S. KNOLL; ROBERT E. KNOLL; LORETTA  
KOBASHI; PETER KOENIG; SANDRA KOENIG;  
LARRY KONTZ; ELOISE KONTZ; FAYE KOSTUR;  
THOMAS LEGGIERE; WILLIAM L. LEHNER; ELLA  
LEHNER; JAMES LEMON, JAMES W.  
LEWIS; TEENA M. LEWIS; MARK J. LIBMAN;  
ELIZABETH LIBMAN; RYAN LINDER; SAM

1 LINDER; IRENE LINDER; JOAN HEINEMANN;  
2 NATHAN LOPATIN; MOLLE A. LOPATIN; NOEL  
3 LUNDBERG; DANIEL S. MACFARLAND;  
4 DELPHINE MAGNISEN; BERNICE MARKS;  
5 ESTATE OF H. MARSHALL; KENNETH  
6 MARSHALL; JUNE E. MARSHALL; CAROL  
7 MASON; HAROLD MASON; DORIS MASON;  
8 PHILLIP M. MCANDREW; KAREN MCDOWELL;  
9 KARL MEACHAM; DOROTHY MEACHAM;  
10 CRAIG MEIER; JEFF MEYER; HAZEL MILES;  
11 MICHELLE MILLER; LORRAINE E. MOONEY;  
12 WILMA M. MORRIS; JAMES W. MULLIN;  
13 CHRISTINE NELSON; JANICE NELSON; JAN  
14 NELSON; JUDY NELSON; ROBERT NELSON;  
15 SUSAN NELSON; ROBERT NUNNERY; ROSE  
16 NUNNERY; KATHLEEN O'CONNELL;  
17 BILL O'CONNOR; PATRICK O'CONNOR; JAMES  
18 F. OSBORNE; MELANIE N. OSBORNE; KELLY  
19 OSBORNE; BRIDGET PETTY; CLAUDE PETTY;  
20 EVELYN R. PETTY; WILLIAM G. PIERCE;  
21 PATRICIA PIERCE; RENE PITTSEY; DOROTHY  
22 PITTSEY; FRANK PUGLIA; MARY PUGLIA;  
23 PHILLIP QUARATULLO; MARSHALL  
24 RACOWSKY; CATHERINE RACOWSKY; KEVIN  
25 RAK; ANNETTE M. RAK; SAKKAR  
26 RAMASWAMY; VELLAYAN RAMASWAMY;  
UMAYAL RAMASWAMY; THOMAS G. RANKIN;  
JERRY RAYNOR; GERALD T. REED; GLORIA A.  
REED; KIMBERLY MCMASTER REED;  
WILLIAM A. REED; MIKE REYBLAT; RITCHIE &  
ASSOCIATES; KEN RITCHIE; DORIS ROPER;  
STEVE RUSSELL; DON RYAN; MARGIE RYAN;  
KENNETH RYAN; LYNNE RYAN; JON  
SCADDEN; JOHN SCHAEFER; DORE  
SCHENKENDORF; JOANN SCOTT; MYRNA  
SCOTT; HARRY L. SEAGRAVES, III;  
JACQUELINE SELLS; STUART SHANNON;  
PATRICIA M. SHEPARD; HERBERT SIEGAL;  
LISA SILVER; SYDNEY SMITH; ANN SMITH;  
STEPHEN SPENCER; HENRY SPOTTS; DENNIS  
STEPANEK; MEFF STEPHENS; ROBERT  
STERNER; ANNA THURSTON; SONNY  
THURSTON; JIMMIE S. TILGHMAN; MARGARET  
TILGHMAN; ANTHONY TRYBA; SUZANNE  
TRYBA; DELBERT WALLS; JEAN WALLS;  
ROBERT E. WARNEKE; KATHIE L. WARNEKE;  
FLORENCE WELLS; CHARLES D. WETZEL;  
RUTH K. WETZEL; KENNETH WISHNUFF;  
CYNTHIA WISHNUFF; JOANNE WOODWARD;  
ALBERTO WUGGENTZER; CHRISTO  
YARANOFF; HELEN ZAMBO; TOM ZAMBO

Defendants.



19. Upon information and belief, Defendant David W. Bennett is a resident of Arizona.
20. Upon information and belief, Defendant Vicki Bennett is a resident of Arizona.
21. Upon information and belief, Defendant Raquel Bernabib is a resident of Arizona.
22. Upon information and belief, Defendant Teunis J. Bladergroen is a resident of Arizona.
23. Upon information and belief, Defendant William Blankemeir is a resident of Arizona.
24. Upon information and belief, Defendant David Boyd is a resident of Arizona.
25. Defendant Charles Thomas Brown resides at ASPC Perryville, ADC #140237, P.O. Box 3200, Goodyear, Arizona 85338 in the custody of the Arizona Department of Corrections.
26. Upon information and belief, Defendant The Estate of Edwin L. Brown is a resident of Arizona.
27. Upon information and belief, Defendant Joan Brown is a resident of Arizona.
28. Upon information and belief, Defendant Marsha Brown is a resident of Arizona.
29. Upon information and belief, Defendant Darryl Burns is a resident of Arizona.
30. Upon information and belief, Defendant Mary J. Burns is a resident of New York.
31. Upon information and belief, Defendant Dan Burt is a resident of Arizona.
32. Upon information and belief, Defendant Colleen Burt is a resident of Arizona.
33. Upon information and belief, Defendant Nancy Cain is a resident of Indiana.
34. Upon information and belief, Defendant Ellen A. Caldwell is a resident of New Mexico.
35. Upon information and belief, Defendant Cecilia Chandler is a resident of Arizona.
36. Upon information and belief, Defendant Andrew Charnoki is a resident of Arizona.
37. Upon information and belief, Defendant Faye Charnoki is a resident of Arizona.
38. Upon information and belief, Defendant Peter J. Christie is a resident of California.
39. Upon information and belief, Defendant Theresa N. Christie is a resident of California.
40. Upon information and belief, Defendant Bruce Church is a resident of Arizona.
41. Upon information and belief, Defendant Wilma A. Church is a resident of Arizona.

- 1 42. Upon information and belief, Defendant Ronald Cornet is a resident of Arizona.
- 2 43. Upon information and belief, Defendant Joy Covey is a resident of Colorado.
- 3 44. Upon information and belief, Defendant Steven Covey is a resident of Colorado.
- 4 45. Defendant Kathleen Cramer's residence is unknown.
- 5 46. Upon information and belief, Defendant Jeanne A. Davis is a resident of Nevada.
- 6 47. Upon information and belief, Defendant Ted S. Davis is a resident of Nevada.
- 7 48. Upon information and belief, Defendant David Deardorf is a resident of California.
- 8 49. Upon information and belief, Defendant Eileen Deardorf is a resident of California.
- 9 50. Upon information and belief, Defendant Ronald S. Desilets is a resident of California.
- 10 51. Upon information and belief, Defendant George E. DeWitte is a resident of Arizona.
- 11 52. Upon information and belief, Defendant Georgene M. DeWitte is a resident of
- 12 Arizona.
- 13 53. Upon information and belief, Defendant Christine Domingo is a resident of
- 14 Pennsylvania.
- 15 54. Upon information and belief, Defendant Jim Dreiling is a resident of Arizona.
- 16 55. Upon information and belief, Defendant Shirley Dusinberre is a resident of GTO,
- 17 Mexico.
- 18 56. Upon information and belief, Defendant Gary Ehlenberger is a resident of Arizona.
- 19 57. Upon information and belief, Defendant Maraya Ehlenberger is a resident of Arizona.
- 20 58. Upon information and belief, Defendant Noily Ehlenberger is a resident of Arizona.
- 21 59. Upon information and belief, Defendant Ralph Enker is a resident of New York.
- 22 60. Upon information and belief, Defendant Mildred Enker is a resident of New York.
- 23 61. Upon information and belief, Defendant Timothy B. Ernst is a resident of California.
- 24 62. Upon information and belief, Defendant Mark Fineman is a resident of Arizona.
- 25 63. Upon information and belief, Defendant Burton S. Fisher is a resident of Arizona.
- 26 64. Upon information and belief, Defendant Dorothy L. Fisher is a resident of Arizona.

- 1           65.    Upon information and belief, Defendant Bernard Frank is a resident of Arizona.
- 2           66.    Upon information and belief, Defendant Phyllis Frank is a resident of Arizona.
- 3           67.    Upon information and belief, Defendant Aubrey Franklin is a resident of Arizona.
- 4           68.    Upon information and belief, Defendant Edward Galiskis is a resident of Arizona.
- 5           69.    Upon information and belief, Defendant Noelita Galiskis is a resident of Arizona.
- 6           70.    Upon information and belief, Defendant George Garcia is a resident of Arizona.
- 7           71.    Upon information and belief, Defendant Wanda Garcia is a resident of Arizona.
- 8           72.    Upon information and belief, Defendant Rick Gardner is a resident of Illinois.
- 9           73.    Upon information and belief, Defendant Cheryl Gardner is a resident of Illinois.
- 10          74.    Upon information and belief, Defendant John George is a resident of California.
- 11          75.    Upon information and belief, Defendant Virgil George is a resident of California.
- 12          76.    Upon information and belief, Defendant George Family Trust is a California trust with  
13 its domicile in California.
- 14          77.    Upon information and belief, Defendant William R. Giles is a resident of Tennessee.
- 15          78.    Upon information and belief, Defendant Evelyn Giles is a resident of Tennessee.
- 16          79.    Upon information and belief, Defendant Peter J. Gillespie is a resident of Arizona.
- 17          80.    Upon information and belief, Defendant Freda Gillespie is a resident of Arizona.
- 18          81.    Upon information and belief, Defendant Alyssa Gioscia is a resident of Arizona.
- 19          82.    Upon information and belief, Defendant Joe Gioscia is a resident of Arizona.
- 20          83.    Upon information and belief, Defendant Pam Gioscia is a resident of Arizona.
- 21          84.    Upon information and belief, Defendant David Golsner is a resident of Arizona.
- 22          85.    Upon information and belief, Defendant Hadassah Golsner is a resident of Arizona.
- 23          86.    Upon information and belief, Defendant Larry Goodman is a resident of Arizona.
- 24          87.    Upon information and belief, Defendant Ann Goodman is a resident of Arizona.
- 25          88.    Upon information and belief, Defendant David Goodman is a resident of Arizona.
- 26          89.    Upon information and belief, Defendant Karen Wacker Goodman is a resident of

1 Arizona.

2 90. Upon information and belief, Defendant Samantha Goodman is a resident of Arizona.

3 91. Upon information and belief, Defendant Lonnie Greenhill is a resident of Texas.

4 92. Upon information and belief, Defendant William L. Greer, III is a resident of

5 California.

6 93. Upon information and belief, Defendant Charles D. Gregory is a resident of Arizona.

7 94. Upon information and belief, Defendant Maxine E. Gregory is a resident of Arizona.

8 95. Upon information and belief, Defendant Donald Greif is a resident of New Jersey.

9 96. Upon information and belief, Defendant Gloria Greif is a resident of New Jersey.

10 97. Upon information and belief, Defendant Lynn Griffin is a resident of Arizona.

11 98. Upon information and belief, Defendant William Guerin is a resident of Arizona.

12 99. Upon information and belief, Defendant Harold D. Guerin is a resident of Arizona.

13 100. Upon information and belief, Defendant Bill Guerin Associates Defined Benefit Plan  
14 is an Arizona entity with its principal place of business in Arizona.

15 101. Upon information and belief, Defendant Jan Guerin Defined Benefit Plan is an Arizona  
16 entity with its principal place of business in Arizona.

17 102. Upon information and belief, Defendant Tracy O. Guerin is a resident of Arizona.

18 103. Upon information and belief, Defendant Jan Guerin is a resident of Arizona.

19 104. Upon information and belief, Defendant Donald Hall is a resident of California.

20 105. Upon information and belief, Defendant Margaret K. Hall is a resident of Arizona.

21 106. Upon information and belief, Defendant Fred M. Hankin is a resident of Arizona.

22 107. Upon information and belief, Defendant Glenn D. Harris is a resident of Arizona.

23 108. Upon information and belief, Defendant Joseph Harris is a resident of Arizona.

24 109. Upon information and belief, Defendant Marilyn S. Harris is a resident of Arizona.

25 110. Upon information and belief, Defendant Charles A. Hill is a resident of Sonora,

26 Mexico.



- 1 111. Upon information and belief, Defendant Tracey O. Hill is a resident of Sonora,  
2 Mexico.
- 3 112. Upon information and belief, Defendant Robin Hobgood is a resident of Ohio.
- 4 113. Upon information and belief, Defendant Ruth Hobgood is a resident of Ohio.
- 5 114. Upon information and belief, Defendant Frances Hollander is a resident of Colorado.
- 6 115. Upon information and belief, Defendant Bonnie Howard is a resident of Arizona.
- 7 116. Upon information and belief, Defendant The Estate of Don Howard is a resident of  
8 Arizona.
- 9 117. Upon information and belief, Defendant Frances Howard is a resident of Arizona.
- 10 118. Upon information and belief, Defendant The Estate of Victor Howard is a resident of  
11 Arizona.
- 12 119. Upon information and belief, Defendant John Howe is a resident of Arizona.
- 13 120. Upon information and belief, Defendant June Howe is a resident of Arizona.
- 14 121. Upon information and belief, Defendant Danna Hutchison is a resident of Arizona.
- 15 122. Upon information and belief, Defendant Violette Jaeger is a resident of Wisconsin.
- 16 123. Upon information and belief, Defendant Jacob Jangula is a resident of Arizona.
- 17 124. Upon information and belief, Defendant Betty Jangula is a resident of Arizona.
- 18 125. Upon information and belief, Defendant Henri Jarrat is a resident of California.
- 19 126. Upon information and belief, Defendant Frances Jarrat is a resident of California.
- 20 127. Upon information and belief, Defendant Brad Jones is a resident of Illinois.
- 21 128. Upon information and belief, Defendant Kim Jones is a resident of Illinois.
- 22 129. Upon information and belief, Defendant Marilyn Jones is a resident of Texas.
- 23 130. Upon information and belief, Defendant Dale Jorgensen is a resident of Arizona.
- 24 131. Upon information and belief, Defendant Dorothy A. Jorgensen is a resident of Arizona.
- 25 132. Upon information and belief, Defendant Carol Karns is a resident of Arizona.
- 26 133. Upon information and belief, Defendant Carolyn W. Kenyon is a resident of California.

- 1 134. Upon information and belief, Defendant Fred W. Kenyon is a resident of California.
- 2 135. Upon information and belief, Defendant Jack Kinzel is a resident of California.
- 3 136. Upon information and belief, Defendant Nancy Kinzel is a resident of California.
- 4 137. Upon information and belief, Defendant Doris Kling is a resident of Arizona.
- 5 138. Upon information and belief, Defendant Kay S. Knoll is a resident of Washington.
- 6 139. Upon information and belief, Defendant Robert E. Knoll is a resident of Washington.
- 7 140. Upon information and belief, Defendant Loretta Kobashi is a resident of California.
- 8 141. Upon information and belief, Defendant Peter Koenig is a resident of Arizona.
- 9 142. Upon information and belief, Defendant Sandra Koenig is a resident of Arizona.
- 10 143. Upon information and belief, Defendant Larry Kontz is a resident of Arizona.
- 11 144. Upon information and belief, Defendant Eloise Kontz is a resident of Arizona.
- 12 145. Upon information and belief, Defendant Faye Kostur is a resident of Colorado.
- 13 146. Upon information and belief, Defendant Thomas Leggiere is a resident of New Jersey.
- 14 147. Upon information and belief, Defendant William L. Lehner is a resident of California.
- 15 148. Upon information and belief, Defendant Ella Lehner is a resident of California.
- 16 149. Upon information and belief, Defendant James Lemon is a resident of Arizona.
- 17 150. Upon information and belief, Defendant James W. Lewis is a resident of Arizona.
- 18 151. Upon information and belief, Defendant Teena M. Lewis is a resident of Arizona.
- 19 152. Upon information and belief, Defendant Mark J. Libman is a resident of Arizona.
- 20 153. Upon information and belief, Defendant Elizabeth Libman is a resident of Arizona.
- 21 154. Upon information and belief, Defendant Ryan Linder is a resident of Arizona.
- 22 155. Upon information and belief, Defendant Sam Linder is a resident of Massachusetts.
- 23 156. Upon information and belief, Defendant Irene Linder is a resident of Massachusetts.
- 24 157. Upon information and belief, Defendant Joan Heinemann is a resident of Illinois.
- 25 158. Upon information and belief, Defendant Nathan Lopatin is a resident of Arizona.
- 26 159. Upon information and belief, Defendant Molle A. Lopatin is a resident of Arizona.

- 1 160. Upon information and belief, Defendant Noel Lundberg is a resident of Arizona.
- 2 161. Upon information and belief, Defendant Daniel S. MacFarland is a resident of Arizona.
- 3 162. Upon information and belief, Defendant Delphine Magnisen is a resident of Arizona.
- 4 163. Upon information and belief, Defendant Bernice Marks is a resident of Arizona.
- 5 164. Upon information and belief, Defendant The Estate of H. Marshall is a resident of
- 6 Illinois.
- 7 165. Upon information and belief, Defendant Kenneth Marshall is a resident of Illinois.
- 8 166. Upon information and belief, Defendant June E. Marshall is a resident of Illinois.
- 9 167. Upon information and belief, Defendant Carol Mason is a resident of Maine.
- 10 168. Upon information and belief, Defendant Harold Mason is a resident of Arizona.
- 11 169. Upon information and belief, Defendant Doris Mason is a resident of Arizona.
- 12 170. Upon information and belief, Defendant Phillip M. McAndrew is a resident of Arizona.
- 13 171. Upon information and belief, Defendant Karen McDowell is a resident of Arizona.
- 14 172. Upon information and belief, Defendant Karl Meacham is a resident of New
- 15 Hampshire.
- 16 173. Upon information and belief, Defendant Dorothy Meacham is a resident of New
- 17 Hampshire.
- 18 174. Upon information and belief, Defendant Craig Meier is a resident of Arizona.
- 19 175. Upon information and belief, Defendant Jeff Meyer is a resident of Arizona.
- 20 176. Upon information and belief, Defendant Hazel Miles is a resident of Arizona.
- 21 177. Upon information and belief, Defendant Michelle Miller is a resident of Arizona.
- 22 178. Upon information and belief, Defendant Lorraine E. Mooney is a resident of Illinois.
- 23 179. Upon information and belief, Defendant Wilma M. Morris is a resident of Arizona.
- 24 180. Upon information and belief, Defendant James W. Mullin is a resident of Arizona.
- 25 181. Upon information and belief, Defendant Christine Nelson is a resident of Arizona.
- 26 182. Upon information and belief, Defendant Janice Nelson is a resident of Arizona.

York.

183. Upon information and belief, Defendant Jan Nelson is a resident of Arizona.
184. Upon information and belief, Defendant Judy Nelson is a resident of Arizona.
185. Upon information and belief, Defendant Robert Nelson is a resident of Arizona.
186. Upon information and belief, Defendant Susan Nelson is a resident of Arizona.
187. Upon information and belief, Defendant Robert Nunnery is a resident of Arizona.
188. Upon information and belief, Defendant Rose Nunnery is a resident of Arizona.
189. Upon information and belief, Defendant Kathleen O'Connell is a resident of New
190. Upon information and belief, Defendant Bill O'Connor is a resident of California.
191. Upon information and belief, Defendant Patrick O'Connor is a resident of California.
192. Upon information and belief, Defendant James F. Osborne is a resident of Arizona.
193. Upon information and belief, Defendant Melanie N. Osborne is a resident of Arizona.
194. Upon information and belief, Defendant Kelly Osborne is a resident of Arizona.
195. Upon information and belief, Defendant Bridget Petty is a resident of California.
196. Upon information and belief, Defendant Claude Petty is a resident of California.
197. Upon information and belief, Defendant Evelyn R. Petty is a resident of California.
198. Upon information and belief, Defendant William G. Pierce is a resident of Arizona.
199. Upon information and belief, Defendant Patricia Pierce is a resident of Arizona.
200. Upon information and belief, Defendant Rene Pittsey is a resident of California.
201. Upon information and belief, Defendant Dorothy Pittsey is a resident of California.
202. Upon information and belief, Defendant Frank Puglia is a resident of Arizona.
203. Upon information and belief, Defendant Mary Puglia is a resident of Arizona.
204. Upon information and belief, Defendant Phillip Quaratullo is a resident of Arizona.
205. Upon information and belief, Defendant Marshall Racowsky is a resident of Arizona.
206. Upon information and belief, Defendant Catherine Racowsky is a resident of Arizona.
207. Upon information and belief, Defendant Kevin Rak is a resident of Arizona.

208. Upon information and belief, Defendant Annette M. Rak is a resident of Arizona.

209. Upon information and belief, Defendant Sakkar Ramaswamy is a resident of Florida.

210. Upon information and belief, Defendant Vellayan Ramaswamy is a resident of Florida.

211. Upon information and belief, Defendant Umayal Ramaswamy is a resident of Florida.

212. Upon information and belief, Defendant Thomas G. Rankin is a resident of Arizona.

213. Upon information and belief, Defendant Jerry Raynor is a resident of Arizona.

214. Upon information and belief, Defendant Gerald T. Reed is a resident of Arizona.

215. Upon information and belief, Defendant Gloria A. Reed is a resident of Arizona.

216. Upon information and belief, Defendant Kimberly Reed is a resident of California.

217. Upon information and belief, Defendant William A. Reed is a resident of New Mexico.

218. Upon information and belief, Defendant Mike Reyblat is a resident of Arizona.

219. Upon information and belief, Defendant Ritchie & Associates is a resident of Texas.

220. Upon information and belief, Defendant Ken Ritchie is a resident of Texas.

221. Upon information and belief, Defendant Doris Roper is a resident of Arizona.

222. Upon information and belief, Defendant Steve Russell is a resident of Arizona.

223. Upon information and belief, Defendant Don Ryan is a resident of Washington.

224. Upon information and belief, Defendant Margie Ryan is a resident of Washington.

225. Upon information and belief, Defendant Kenneth Ryan is a resident of Washington.

226. Upon information and belief, Defendant Lynne Ryan is a resident of Arizona.

227. Upon information and belief, Defendant Jon Scadden is a resident of California.

228. Upon information and belief, Defendant John Schaefer is a resident of Arizona.

229. Upon information and belief, Defendant Dore Schenkendorf is a resident of Arizona.

230. Upon information and belief, Defendant JoAnn Scott is a resident of Arizona.

231. Upon information and belief, Defendant Myrna Scott is a resident of Arizona.

232. Upon information and belief, Defendant Harry L. Seagraves, III is a resident of Arizona.

- 1 233. Upon information and belief, Defendant Jacqueline Sells is a resident of Texas.
- 2 234. Upon information and belief, Defendant Stuart Shannon is a resident of Arizona.
- 3 235. Upon information and belief, Defendant Patricia M. Shepard is a resident of Arizona.
- 4 236. Upon information and belief, Defendant Herbert Siegal is a resident of Florida.
- 5 237. Upon information and belief, Defendant Lisa Silver is a resident of California.
- 6 238. Upon information and belief, Defendant Sydney Smith is a resident of Arizona.
- 7 239. Upon information and belief, Defendant Ann Smith is a resident of Arizona.
- 8 240. Upon information and belief, Defendant Stephen Spenser is a resident of Arizona.
- 9 241. Upon information and belief, Defendant Henry Spotts is a resident of Texas.
- 10 242. Upon information and belief, Defendant Dennis Stepanek is a resident of Illinois.
- 11 243. Upon information and belief, Defendant Meff Stephens is a resident of Arizona.
- 12 244. Upon information and belief, Defendant Robert Sterner is a resident of California.
- 13 245. Upon information and belief, Defendant Anna Thurston's residence is unknown.
- 14 246. Upon information and belief, Defendant Sonny Thurston's residence is unknown.
- 15 247. Upon information and belief, Defendant Jimmie S. Tilghman is a resident of Arizona.
- 16 248. Upon information and belief, Defendant Margaret Tilghman is a resident of Arizona.
- 17 249. Upon information and belief, Defendant Anthony Tryba is a resident of Texas.
- 18 250. Upon information and belief, Defendant Suzanne Tryba is a resident of Illinois.
- 19 251. Upon information and belief, Defendant Delbert Walls is a resident of Indiana.
- 20 252. Upon information and belief, Defendant Jean Walls is a resident of Indiana.
- 21 253. Upon information and belief, Defendant Robert E. Warneke is a resident of Oregon.
- 22 254. Upon information and belief, Defendant Kathie L. Warneke is a resident of Oregon.
- 23 255. Upon information and belief, Defendant Florence Wells is a resident of Arizona.
- 24 256. Upon information and belief, Defendant Charles D. Wetzel is a resident of Arizona.
- 25 257. Upon information and belief, Defendant Ruth K. Wetzel is a resident of Arizona.
- 26 258. Upon information and belief, Defendant Kenneth Wishnuff is a resident of California.

1           259. Upon information and belief, Defendant Cynthia Wishnuff is a resident of California.  
2           260. Upon information and belief, Defendant Joanne Woodward is a resident of Arizona.  
3           261. Upon information and belief, Defendant Alberto Wuggentzer is a resident of Arizona.  
4           262. Upon information and belief, Defendant Christo Yaranoff is a resident of Arizona.  
5           263. Upon information and belief, Defendant Helen Zambo is a resident of Pennsylvania.  
6           264. Upon information and belief, Defendant Tom Zambo is a resident of Arizona.  
7           265. To the extent that each Defendant is married, each of the acts complained of herein  
8 were taken on behalf of their respective marital communities. The true identities of the spouses of each  
9 Defendant are presently unknown, but will be seasonably identified by amendment upon discovery.

10                           **ALLEGATIONS COMMON TO ALL COUNTS**

11           266. Upon information and belief, each of the Defendants caused or otherwise participated  
12 in the acts complained of herein within the territorial area of Arizona.

13                           **THE PONZI SCHEME**

14           267. Brown operated a Ponzi scheme continuously for, upon information and belief,  
15 eighteen years prior to August of 1997 (the "Ponzi Scheme").

16           268. Upon information and belief, each of the Defendants were investors in the Ponzi  
17 Scheme and received payments and fictitious profits therefrom.

18           269. In or around June of 1996, the Arizona Corporation Commission ("ACC") began  
19 investigating Brown.

20           270. The ACC investigation focused on Brown's Ponzi Scheme activities from December  
21 of 1989 through August of 1997. The ACC concluded that Brown operated a Ponzi Scheme during this  
22 period. *See* the Arizona Corporation Commission's Opinion and Order (the "ACC Order") at pp. 6 and 10.  
23 A copy of the ACC Order is attached hereto and incorporated herein by this reference as Exhibit "A."

24                           **The Mechanics of the Ponzi Scheme**

25           271. Upon information and belief, the Ponzi Scheme investors, including each of the  
26 Defendants (as investors), invested money for six month intervals, with profits paid each six month period.

1           272. At the conclusion of six months, each of the Defendants had the option of: (a)  
2 recovering their principal and profit; (b) “rolling” their investment into another six month investment maturity  
3 period, compounding investment and profit; or (c) “rolling” their investment but accepting their profit, or a  
4 portion thereof. *See* Exhibit “A” at p. 3.

5           273. Upon information and belief, each of the Defendants invested monies in the Ponzi  
6 Scheme and either received their investment profit, continually rolled their investments and/or rolled their  
7 investment and recovered some or all their profits.

8           274. The Ponzi Scheme attracted a substantial number of investors and investment  
9 transactions over a long period of time as investors continued to invest and roll investments.

10          275. Brown did not keep accurate or understandable accounting records for principal  
11 investments.

12          276. Upon information and belief, Brown received, processed, rolled, segmented and/or  
13 commingled with principal and profit several hundred (if not in excess of several thousand) separate  
14 investment transactions in the course of the Ponzi Scheme’s period of operation.

15          277. As a result, upon information and belief, a substantial number of the Defendants, if not  
16 all of the Defendants, received a return of all of their original investments and, in addition, substantial  
17 fictitious profits.

18 . . .

19                           **Brown’s Representations to Investors**

20          278. Brown represented to potential investors that he was in the business of loaning money  
21 to small companies that were unable to obtain traditional bank financing. *See* Exhibit “A” at p. 9.

22          279. Brown represented to potential investors that he needed additional capital (i.e.,  
23 investments) to fund the loans to these small company borrowers. *See* Exhibit “A” at p. 9.

24          280. Brown explained to a potential investor that if the investor invested money for six  
25 months, Brown could, in turn, loan that investment money to a small company for six months at high interest  
26 rates and return usually in excess of approximately 17% to 19% annual rates of return to the investor.



1           281. Brown assured potential investors that the investments were not risky because the  
2 companies borrowing money would secure their loans with their inventory through security agreements. *See*  
3 Exhibit “A” at pp. 7 and 10.

4           282. Brown assured potential investors that if a company defaulted upon a loan, Brown  
5 would exercise the secured creditor rights under the security agreement, sell the inventory and apply the sale  
6 proceeds to the outstanding balance.

7           283. Brown represented to potential investors that the investments were completely  
8 collateralized and, therefore, risk-free.

9           284. Brown refused to give inquiring potential investors any detailed information regarding  
10 the loans to the small company borrowers.

11           285. Brown claimed that he could not provide information on the borrowers, because: (a) if  
12 he released the names of the borrowers, a competitor might steal them as a client, and (b) the borrowers  
13 would get nervous if an investor called to verify the loans.

14           286. Once a potential investor decided to invest with Brown, Brown instructed the investor  
15 to deliver funds directly to Brown. Brown evidenced the investment by providing the investor with an  
16 unsecured promissory note. *See* Exhibit “A” at p. 10.

17           287. The Ponzi Scheme attracted large sums of money, gathering investments, upon  
18 information and belief, totaling multiple millions of dollars.

19           288. Upon information and belief, one of the reasons the Ponzi Scheme attracted large sums  
20 of money was the “get rich quick” allure that Brown’s representations and assurances gave investors,  
21 including each of the Defendants.

22           289. Upon information and belief, the investors were attracted to the Ponzi Scheme by its  
23 comparatively high rate of return (*e.g.*, approximately 17 to 19% annual rates of return on investment) when  
24 other, more traditional investments and deposits, at the relevant times, yielded substantially less.

25           290. Upon information and belief, Brown made the representations and statements with  
26 reference to the investments of each of the Defendants as alleged herein.

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292. Investors' money was used for: (a) Brown's personal benefit, (b) to pay prior investors who loaned money, and (c) to pay the expenses of operating the Ponzi Scheme. *See* Exhibit "A" at p. 10.

294. Upon information and belief, each of the Defendants' investments were used for the same purposes as other investments as alleged herein.

295. On August 28, 1996, the ACC, in an effort to maintain the status quo during its investigation, issued a temporary cease and desist order (the “Temporary Order”) ordering the cessation of selling or offering for sale unregistered securities and selling or offering for sale securities as an unregistered salesman.

297. The ACC determined that the promissory notes issued to investors were, in fact, unregistered securities. *See* Exhibit “A” at p. 10.

299. The ACC further determined that the securities (*i.e.*, the promissory notes) were not registered with the ACC and were being sold by Brown, an unregistered salesman. *See* Exhibit “A” at pp. 10-

11. Consequently, the ACC determined that Brown was in violation of A.R.S. §§ 44-1841 (sale of

1 unregistered securities) and 44-1842 (sale of securities by unregistered salesman). *See* Exhibit “A” at p. 11.

2           300. The ACC also determined that Brown made certain misrepresentations and omissions  
3 in connection with the sale of the securities. In particular, the ACC found that Brown failed to disclose to  
4 investors that he was operating a Ponzi Scheme and that he was using investors’ funds for his personal use  
5 and to repay prior investors. Consequently, the ACC determined that Brown was in violation of A.R.S.  
6 § 44-1991 (fraud in the sale of securities). *See* Exhibit “A” at p. 10.

#### 7                           **BROWN’S 1968 PONZI SCHEME**

8           301. Upon information and belief, Brown operated the same type of Ponzi Scheme  
9 discussed herein from 1963 to 1968 (the “1968 Ponzi Scheme”).

10           302. On or about February 24, 1968, the ACC commenced an investigation into Brown and  
11 his 1968 Ponzi Scheme activities.

12           303. The ACC’s 1968 investigation resulted in a cease and desist order (the “1968 Order”),  
13 which is attached hereto and incorporated herein by this reference as Exhibit “B.”

#### 14                           **THE CEASE AND DESIST ORDER**

15           304. On November 23, 1997, the ACC issued its cease and desist order (the “Cease and  
16 Desist Order”) prohibiting Brown and any of his servants, agents, employees, assignees, successors, and those  
17 persons acting in concert or participation with them from, among other things:

18                   a. withdrawing, transferring, pledging, lending, spending, or utilizing in any way  
19 any funds accepted from the sale of promissory notes to investors; and

20                   b. selling, transferring, assigning, mortgaging, pledging, or disposing in any  
21 manner any tangible or intangible personal property (including marketable securities) and real property, the  
22 title of which was acquired through the use of proceeds obtained from the sale of promissory notes to  
23 investors. *See* Exhibit “A” at pp. 11-13.

24           305. The ACC also ordered the payment of restitution to investors in the amount of  
25 \$5,189,000. *See* Exhibit “A” at p. 12.

#### 26                           **DEFENDANTS’ KNOWLEDGE**

1           306. By virtue of the ACC's 1968 investigation and the resultant 1968 Order (Exhibit "B"),  
2 the Defendants knew, or should have known, that Brown was operating a Ponzi Scheme from, at least,  
3 December of 1989 through August of 1997.

4           307. Each of the Defendants had knowledge of or a duty to inquire with regard to Brown's  
5 primary violations of Arizona's securities laws.

6           308. The ACC's 1968 investigation and the 1968 Order are matters of public record that  
7 the Defendants had access to and should have discovered in the exercise of minimal due diligence.

8           309. When Brown refused to disclose the identity of the small company borrowers or any  
9 information in connection therewith, the Defendants had, at least, inquiry notice and/or a duty to investigate  
10 the propriety of Brown's scheme, and Brown himself.

11                           **PAYMENTS TO THE DEFENDANTS**

12           310. In the period of approximately eight years before the date of the Bankruptcy Petition,  
13 Brown made payments and transfers to each of the Defendants, as creditors.

14           311. Each payment to each of the Defendants in connection with their investments in the  
15 Ponzi Scheme was made solely by Brown.

16           312. Upon information and belief, certain of the Defendants (the "90 day Defendants") each  
17 received payments from Brown within 90 days prior to the date of the Bankruptcy Petition, in amounts at  
18 least as totaled and set forth on and incorporated herein as Exhibit "C," respectively.

19           313. Upon information and belief, certain of the Defendants (the "One Year Defendants")  
20 received payments from Brown within one year prior to the date of the Bankruptcy Petition in amounts at  
21 least as totaled and set forth on and incorporated herein as Exhibit "C," respectively.

22           314. Upon information and belief, certain of the Defendants ("Four Year Defendants")  
23 received payments from Brown within one year prior to the date of the Bankruptcy Petition in amounts at  
24 least as totaled and set forth on and incorporated herein as Exhibit "C," respectively.

25           315. Upon information and belief, each of the Defendants ("Total Defendants") respectively  
26 received the payments totaled and set forth on and incorporated herein as Exhibit "C."

1 **BROWN PLEADS GUILTY**

2 316. Brown violated A.R.S. §§ 44-1841 and 44-1842 by operating the Ponzi Scheme.

3 317. On September 4, 1998, Brown pled guilty to two class two felonies: (1) Fraudulent  
4 Schemes and Artifices, in violation of A.R.S. §§ 13-1801, 13-1802, 13-701, 13-702, 13-801, 13-812,  
5 13-2313 and 13-2314; and, (2) Theft, in violation of A.R.S. §§ 13-1801, 13-1802, 13-701, 13-702, 13-801,  
6 13-812, 13-2313 and 13-2314. Brown is now serving a seven to fourteen year prison sentence.

7 **CLAIMS**

8 **COUNT ONE - AVOIDANCE**  
9 **UNDER 11 U.S.C. § 547 (Preferential Transfers; 90 Days)**  
10 **(90 Day Defendants)**

11 318. The Trustee adopts paragraphs 1 through 317 by reference and incorporates each of  
12 the allegations contained therein as if set forth herein.

13 319. Brown made payments to the 90 Day Defendants (the “90 Day Payments”) in amounts  
14 at least as set forth on Exhibit “C,” respectively.

15 320. The 90 Day Defendants respectively received, at least, the 90 Day Payments within  
16 90 days before the date of the filing of the Bankruptcy Petition.

17 321. Each of the 90 Day Payments were respectively made to each of the 90 Day  
18 Defendants on account of an antecedent debt owed by Brown before such transfer was made.

19 322. Brown is presumed insolvent during the 90 days immediately prior to the filing of the  
20 Bankruptcy Petition.

21 323. The 90 Day Payments enabled the 90 Day Defendants to receive more than such  
22 creditors would receive in a case under Chapter 7 of the Bankruptcy Code if said payments had not been  
23 made and such creditors received payment of such debt to the extent provided by the provisions of the  
24 Bankruptcy Code.

25 324. The Trustee is entitled to avoid the 90 Day Payments.

26 325. There is now due and owing to the Trustee by the 90 Day Defendants the amount of  
the 90 Day Payments, respectively.

1           326. Accordingly, the 90 Day Payments are avoidable pursuant to 11 U.S.C. § 547.

2           327. The Trustee, pursuant to 11 U.S.C. § 550, is entitled to recover for the benefit of the  
3 estate the 90 Day Payments or the value of said payments, respectively, from each of the 90 Day Defendants,  
4 in the amounts listed for each said Defendant on Exhibit “C.”

5           **WHEREFORE**, the Trustee prays for an order:

6           A. Avoiding the 90 Day Payments as preferential transfers by Brown;

7           B. Entering Judgment in the amount of the payments listed for each 90 Day Defendant  
8 on Exhibit “C”;

9           C. Awarding interest at the legal rate or such rate as determined by the Court from and  
10 after the date of each of the 90 Day Payments on the value of each said payment; and

11          D. Any other relief as the Court deems appropriate.

12                                   **COUNT TWO - AVOIDANCE**  
13                                   **UNDER 11 U.S.C. § 548 (Fraudulent Transfers)**  
                                      **(One Year Defendants)**

14          328. The Trustee adopts paragraphs 1 through 327 by reference and incorporates each of  
15 the allegations contained therein as if set forth herein.

16          329. Upon information and belief, Brown made the payments to each of the One Year  
17 Defendants within one year before the filing of the Bankruptcy Petition (the “One Year Payments”), in  
18 amounts at least as set forth on Exhibit “C.”

19          330. Brown made the One Year Payments to each of the One Year Defendants with the  
20 actual intent to hinder, delay or defraud any entity to which Brown was or became, on or after the date said  
21 transfers were made or such obligation was incurred, indebted within the meaning of 11 U.S.C.  
22 § 548(a)(1)(A).

23          331. Brown received less than a reasonably equivalent value in exchange for the One Year  
24 Payments within the meaning of 11 U.S.C. § 548(a)(2)(A).

25          332. Brown was insolvent on the dates the One Year Payments were made or became  
26 insolvent as a result of said transfers within the meaning of 11 U.S.C. § 548(a)(1)(B)(ii)(I).

1           333. Brown was engaged in business or transactions, or at the times of each of the One  
2 Year Payments was about to engage in business or transactions, for which any property remaining with  
3 Brown was an unreasonably small capital within the meaning of 11 U.S.C. § 548(a)(1)(B)(ii)(II).

4           334. On each of the dates of each of the One Year Payments, Brown intended to incur, or  
5 believed that he would incur, debts beyond Brown's ability to pay such debts as they matured within the  
6 meaning of 11 U.S.C. § 548(a)(1)(B)(ii)(III).

7           335. The Trustee may recover from each of the One Year Defendants for the benefit of the  
8 estate, the One Year Payments made to the One Year Defendants, respectively, pursuant to 11 U.S.C.  
9 § 550(a);

10          336. Additionally, the Trustee is entitled to an order disallowing each of the One Year  
11 Defendants' claims against the estate pursuant to 11 U.S.C. § 548(a)(1).

12           **WHEREFORE**, the Trustee prays for an order:

13           A. Determining that all transfers and payments by Brown within one year of the  
14 Bankruptcy Petition were avoidable transfers under 11 U.S.C. § 548.

15           B. Avoiding the One Year Payments as fraudulent transfers to and on behalf of each of  
16 the One Year Defendants;

17           C. Entering judgment against each of the One Year Defendants, respectively, in the  
18 amounts for the value of the One Year Payments listed on Exhibit "C."

19           D. Awarding interest to the Trustee on the value of the One Year Payments from and  
20 after the date of said transfers;

21           E. Disallowing each of the One Year Defendants' claims against the estate; and

22           F. Any other relief as the Court deems appropriate.

23                   **COUNT THREE - FRAUDULENT TRANSFERS**  
24                   **UNDER A.R.S. § 44-1001 *et seq.***

25          337. The Trustee incorporates the previous allegations contained in paragraphs 1  
26 through 336, and each of the allegations contained therein as if fully set forth herein.

1           338. Brown made payments to each of the Four Year Defendants from October 17, 1993  
2 through the date of the Bankruptcy Petition, (the “Four Year Payments”), in amounts at least as set forth and  
3 incorporated herein by this reference as Exhibit “C.”

4           339. At least one of the present creditors of the estate, holding an allowable claim, was an  
5 actual unsecured creditor or successor in interest of an actual unsecured creditor against whom the payments,  
6 and transfers averred to herein are fraudulent or otherwise avoidable.

7           340. The acts described herein constitute fraudulent transfers within the meaning of  
8 A.R.S. § 44-1001 *et. seq.*

9           341. The Four Year Payments are avoidable under applicable law by a creditor.

10          342. Under § 544(b) of the Bankruptcy Code, the Trustee may avoid any transfer of an  
11 interest of Brown in property that is avoidable under applicable law by a creditor.

12          343. The Trustee may avoid the Four Year Payments under A.R.S. § 44-1001 *et seq.*, as  
13 set forth herein.

14          344. At all times relevant, Brown was insolvent within the meaning of A.R.S. § 44-1002.

15          345. Brown made or caused to be made each of the Four Year Payments with actual intent  
16 to hinder, delay or defraud creditors.

17          346. Brown made or caused to be made transfers of property of the estate without receiving  
18 a reasonably equivalent value in exchange for the transfers and Brown intended to incur or believed or  
19 reasonably should have believed that he would incur debts beyond his ability to pay as they became due.

20          347. Brown’s intent may be determined by, among other things, the following factors:

21           a. The Four Year Payments to the Four Year Defendants were made on account  
22 of debts to each of the Four Year Defendants;

23           b. Brown was subjected to an investigation by the Arizona Corporation  
24 Commission and knew that the Ponzi Scheme would soon be uncovered and that he would be subject to suit;

25           c. Brown transferred all or substantially all of his assets that are presently known  
26 to third parties;



1 d. Brown was observed removing assets from his personal residence;  
2 e. Brown is insolvent;  
3 f. Brown, through his attorney, claimed the protections of his Fifth Amendment  
4 privilege against self-incrimination;  
5 g. The ACC found that Brown engaged in a Ponzi Scheme which, by its nature,  
6 was designed to defraud creditors; and  
7 h. Brown pled guilty to criminal acts of fraud and theft.  
8 348. The Four Year Payments are avoidable pursuant to A.R.S. § 44-1007.A.3.  
9 349. The Trustee is entitled, at her option, to a Judgment for the value of the Four Year  
10 Payments transferred against the first transferee, or any subsequent transferees, under A.R.S. § 44-1008.B.  
11 **WHEREFORE**, the Trustee prays for an order:  
12 A. Determining that all transfers and payments by Brown within four years of the  
13 Bankruptcy Petition were avoidable transfers under 11 U.S.C. § 544 and A.R.S. § 44-1001 *et seq.*  
14 B. Avoiding the Four Year Payments as fraudulent transfers from Brown to each of the  
15 Four Year Defendants;  
16 C. Entering Judgment against each of the Four Year Defendants, respectively, in amounts  
17 for the value of the Four Year Payments;  
18 D. Awarding interest to the Trustee at the legal rate or such rate as determined by the  
19 Court from and after the date of each of the Four Year Payments on the value of such property transferred;  
20 and  
21 E. Any other relief as the Court deems appropriate.

22 **COUNT FOUR - UNJUST ENRICHMENT**  
23 **(Total Defendants)**

24 350. The Trustee incorporates the previous allegations contained in paragraphs 1 through  
25 349, and each of the allegations contained therein as if fully set forth herein.  
26 351. Brown made all presently known payments to the Total Defendants (“Total

1 Payments”), in amounts at least as totaled and set forth on and incorporated herein by this reference as  
2 Exhibit “C.”

3 352. Upon information and belief, each of the Total Defendants committed the actions  
4 averred to herein over a period of approximately eight years before the date of the Bankruptcy Petition.

5 353. Each of the Total Defendants received benefits by the Total Payments.

6 354. By the Total Defendants’ receipt of said benefits, each of the Total Defendants have  
7 been enriched.

8 355. Each of the Total Defendants are unjustly enriched by receipt of the benefits of the 90  
9 Day, One, Four Year and Total Payments.

10 356. The estate suffered impoverishment by Brown making the Total Payments.

11 357. There is a connection between the Total Defendants’ enrichment and the estate’s  
12 impoverishment, as evidenced by the Total Defendants’ receipt of the benefits of the payments and transfers  
13 averred to herein and Brown’s insolvency at the time of each payment and transfer.

14 358. Upon information and belief, certain of the Total Defendants received a greater return  
15 of profit and/or principal than other creditors of the bankruptcy estate in such a manner that is unjust.

16 359. There is an absence of justification for the Total Defendants’ enrichment and the  
17 estate’s impoverishment.

18 360. Based on the fact that certain of the Total Defendants received more profit on their  
19 investments than others, and certain of the Total Defendants are enriched and the estate impoverished  
20 thereby, there is an absence of remedy provided by law for the estate.

21 361. The Trustee, pursuant to 11 U.S.C. § 550, is entitled to recover for the benefit of the  
22 estate, the Total Payments, or the value of said payments and transfers from each of the Total Defendants,  
23 respectively.

24 **WHEREFORE**, the Trustee prays for an order:

25 A. Avoiding the Total Payments by Brown from which the Total Defendants were  
26 enriched;

1 B. Entering judgment against each of the Total Defendants, respectively, for the value  
2 of the Total Payments;

3 C. Awarding interest to the Trustee at the legal rate as determined by the Court from and  
4 after the date of each payment included in the Total Payments on the value of said payments and transfers;  
5 and

6 D. Any other relief as the Court deems appropriate.

7 **COUNT FIVE - DISALLOWANCE OF**  
8 **CLAIMS UNDER 11 U.S.C. § 502(d)**

9 362. The Trustee incorporates the previous allegations contained in paragraphs 1 through  
10 361, inclusive herein, as though fully set forth herein.

11 363. The Defendants, and each of them, are entities from which property is recoverable  
12 under § 550 of the Bankruptcy Code within the meaning of 11 U.S.C. § 502(d).

13 364. The Defendants, and each of them, are transferees of avoidable transfers under §§ 547  
14 and 548 of the Bankruptcy Code within the meaning of 11 U.S.C. § 502(d).

15 365. The Defendants, and each of them, are entities or transferees that have not paid the  
16 amount, or turned over any property, for which such entities or transferees are liable under § 550 of the  
17 Bankruptcy Code within the meaning of 11 U.S.C. § 502(d).

18 366. Pursuant to 11 U.S.C. § 502(d), the Trustee is entitled to an Order disallowing any  
19 claim of the Defendants, and each of them, from which the payments and transfers averred to herein are as  
20 transferees of avoidable transfers under §§ 547 and 548 of the Bankruptcy Code or recoverable under § 550  
21 of the Bankruptcy Code unless the Defendants have paid the amounts, or turned over any such property, for  
22 which each of the Defendants are liable under Section 550 of the Bankruptcy Code.

23 **WHEREFORE**, the Trustee prays for an Order:

24 A. Conditionally disallowing the claims of each of the Defendants; and

25 B. All other relief as the Court deems just and proper.  
26

1 DATED this \_\_\_\_ day of October, 1999.

2 RYLEY, CARLOCK & APPLEWHITE

3  
4 By \_\_\_\_\_  
5 John J. Fries  
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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF ARIZONA

NOTICE THAT EXHIBITS TO THIS ELECTRONICALLY FILED DOCUMENT ARE  
NOT ATTACHED.

There were one or more exhibits and/or other attachments filed with this pleading that consisted of pages too numerous for the clerk to scan and electronically file as part of the pleading. Paper copies of these exhibits are maintained at the Office of the Clerk. They may be reviewed at that office 9:00 a.m. to 4:00 p.m., Monday to Friday, at 2929 North Central Avenue, Ninth Floor, Phoenix, Arizona, or you may arrange to obtain copies from the filing attorney.

KEVIN E. O'BRIEN  
CLERK OF COURT